

LOAN AGREEMENT

THIS LOAN AGREEMENT (“Agreement”) is dated as of _____, 2023 and is entered into by and between the PALM DESERT HOUSING AUTHORITY (“Lender”), and A0358 MONTEREY, L.P., a California limited partnership (“Borrower”).

RECITALS:

A. Borrower owns the land located in the City of Palm Desert, County of Riverside, State of California (the “City”), more particularly described on Exhibit “A” attached hereto (together with any improvements thereon, the “Property”).

B. Borrower intends to construct a 176-unit multi-family residential apartment community for households with incomes up to 80% of the area median income and related improvements on the land that are described on Exhibit “B”.

C. Borrower has requested that Lender make a loan to Borrower from low income housing set aside funds in the principal amount of Seven Million Two Hundred Thirty-Five Thousand Dollars (\$7,235,000.00), to partially fund the construction of the Improvements (as hereinafter defined) (the “Loan”) and to be used after all available tax credit equity to pay for a portion of the costs of the Improvements, on the terms and conditions hereinafter set forth.

NOW, THEREFORE, the Parties agree as follows:

AGREEMENT:

1. DEFINITIONS AND EXHIBITS.

1.1 Definitions. The following initially capitalized words and terms have the meanings set forth in this Section 1.1 wherever used in this Agreement, unless otherwise provided to the contrary:

1.1.1 “City Housing Agreement” shall mean the Housing Agreement attached hereto as Exhibit “I”.

1.1.2 “Closing” shall mean the date on which the Deed of Trust is recorded in the Official Records of Riverside County, California.

1.1.3 “Construction Plans” means the construction plans, specifications and related documents consistent with the Scope of Development attached hereto as Exhibit “B” for the design and construction of the Improvements.

1.1.4 “Deed of Trust” shall mean a Deed of Trust and Assignment of Rents in the form attached hereto as Exhibit “C”, executed by Borrower for the benefit of Lender and, acknowledged (which is to be recorded against the Property in the Official Records of Riverside County, California at the Closing).

1.1.5 “Entitlements” shall mean all authorizations, approvals, rights, maps, licenses, permits, franchises, certificates, instruments, documents, agreements, variances and other land use approvals required for the Development.

1.1.6 “Governmental Authority” shall mean any federal, state or local governments, and all subdivision thereof, including any city, authority, board, bureau, commission, department or other public body, including any court, administrative tribunal or public utility.

1.1.7 “Improvements”, “Development” or “Project” shall mean the project/work described in the Scope of Development attached hereto as Exhibit “B”.

1.1.8 “Loan” shall mean the loan contemplated by this Agreement as defined in the Recitals.

1.1.9 “Loan Documents” shall mean this Agreement, the Note, the Deed of Trust, the Regulatory Agreement, the City Housing Agreement, the Notice and all other documents and instruments executed and delivered, or to be executed and delivered, in connection with the Loan (including the Acknowledgment referred to in Section 3.6.1 below).

1.1.10 “Note” shall mean a Secured Promissory Note, in the form attached hereto as Exhibit “D”, executed by Borrower and payable to City.

1.1.11 “Notice” shall mean a Notice of Affordability Restrictions in the form attached hereto as Exhibit “E”.

1.1.12 “Operating Year” shall mean each calendar year or portion thereof during which the Project is operating.

1.1.13 “Parties” shall mean Lender and Borrower, collectively, and “Party” shall mean Lender or Borrower, individually.

1.1.14 “Person” shall mean a natural person, a partnership, a joint venture, an unincorporated association, a limited liability company, a corporation, a trust, any other business association or any Governmental Authority.

1.1.15 “Potential Default” shall mean any condition or event that could, with the lapse of time/expiration of applicable cure period under this Agreement after any written notice to Borrower thereof required by this Agreement is delivered, constitute a “Default” (as defined in Section 5.1 below).

1.1.16 “Project Net Cash Flow” shall mean the revenues derived from the operation of the Development minus (i) all real estate and personal property taxes and assessments, insurance premiums, monitoring fees and reasonable costs of maintenance, operation and management incurred by the Borrower in connection with the operation and maintenance of the Development, (ii) annual property management fees not to exceed four and one-half percent (4.5%) of the revenues; (iii) a minimum of Eighty-Five Thousand Dollars (\$85,000.00) per year in tenant services provided on-site (which amount shall increase annually by the rate of increase

in the CPI from the prior calendar year), (iv) the annual costs of servicing the senior construction loan/financing (and any approved refinancing thereof) or other sources of financing approved by Lender (other than the Loan); (v) amounts necessary to maintain a guaranty or other form of security or bond for an operation reserve account which shall be capitalized in the amount not to exceed Seven Hundred Forty-One Thousand Dollars (\$741,000.00), including any replenishment of such reserve (vi) amounts deposited into a replacement initially capitalized reserve account in the sum of not to exceed \$300/unit per annum, increasing three percent (3%) per annum and any ongoing deposits to such reserve (vi) the repayment of any amounts loaned by the Borrower or its partners to the Development for material Development costs which costs were not reasonably foreseeable, and which loan, and the items for which funds were expended pursuant to such loan, are approved in advance by the Lender's Executive Director, (vii) deferred developer fees in the total maximum amount of Nine Million Five Hundred Sixty-Six Thousand One Hundred Ninety-Four Dollars (\$9,566,194.00), (x) a Limited Partner monitoring fee in the annual amount of Seven Thousand Five Hundred Dollars (\$7,500.00); (xi) a managing general partner fee in the annual amount of Fifteen Thousand Dollars (\$15,000.00), which may increase up to three percent (3%), annually; (xii) an annual monitoring/administration fee in the annual amount of Ten Thousand Dollars (\$10,000.00), increasing by three percent (3%) annually) payable to the Authority under the Housing Agreement; and (xiii) any unpaid tax credit adjuster payments due to the limited partner of Borrower. The amounts of the operation reserves and replacement reserves described above may increase in accordance with the annual percentage increases from the date hereof in the Consumer Price Index, U.S. City Average, All Urban Consumers as published by the U.S. Bureau of Labor Statistics (the "CPI") or as required for the Borrower limited partner or any senior lender. Project Net Cash Flow shall be determined by Borrower and Lender on a cash basis without regard to any carry-over profit or loss from any prior calendar year. Borrower and Lender shall determine the amount of Project Net Cash Flow annually, on or before April 15 for the preceding Operating Year.

1.1.17 "Property" shall have the meaning provided in Recital A, but shall also mean portions thereof or interests therein as the context requires.

1.1.18 "Preliminary Budget" shall mean the budget for the costs of the Project attached hereto as Exhibit "F".

1.1.19 "Regulatory Agreement" shall mean the Housing Agreement in the form attached hereto as Exhibit "G".

1.1.20 "Schedule of Performance" shall mean the schedule for the completion of the Improvements attached to this Agreement as Exhibit "H".

1.2 Exhibits. The following exhibits are attached to this Agreement and incorporated into, and made a part of, this Agreement by this reference:

1.2.1 Exhibit "A": Legal Description.

1.2.2 Exhibit "B": Scope of Development.

1.2.3 Exhibit "C": Form of Deed of Trust.

- 1.2.4 Exhibit “D”: Form of Promissory Note.
- 1.2.5 Exhibit “E”: Form of Notice of Affordability Restrictions.
- 1.2.6 Exhibit “F”: Preliminary Project Budget.
- 1.2.7 Exhibit “G”: Form of Housing Agreement (LMIHF) or “Regulatory Agreement”.
- 1.2.8 Exhibit “H”: Schedule of Performance.
- 1.2.9 Exhibit “I”: Form of Housing Agreement (City).

2. CONSTRUCTION OF IMPROVEMENTS.

2.1 Construction Pursuant to Plans. The Improvements shall be constructed in accordance with final Construction Plans approved by the City and the terms and conditions of the permits and approvals issued or to be issued by the City.

2.2 Commencement and Completion of Improvements; Schedule of Performance. Borrower shall commence construction of the Improvements no later than the applicable date set forth in the Schedule of Performance, diligently prosecute to completion the construction of the Improvements no later than the applicable date set forth in the Schedule of Performance, and Borrower shall otherwise comply with the Schedule of Performance, in each case subject to Section 6.12 below (Force Majeure).

2.3 Compliance with Applicable Law. Borrower shall cause all construction to be performed in compliance with: (a) all applicable laws, ordinances, rules and regulations of federal, state, county or municipal governments or agencies now in force or that may be enacted hereafter; (b) all directions, rules and regulations of any fire marshal, health officer, building inspector, or other officer of every governmental authority now having or hereafter acquiring jurisdiction; (c) all applicable permits and governmental approvals.

2.4 Monthly Progress Reports. Until such time as Borrower has completed the Improvements, Borrower shall provide Lender with monthly progress reports (within 30 days of the end of each calendar month for the previous calendar month) regarding the status of the construction of the Improvements.

2.5 Construction Responsibilities. Borrower shall be solely responsible for all aspects of Borrower’s conduct in connection with the Improvements, including (but not limited to) the quality and suitability of the plans and specifications, the supervision of construction work, and the qualifications, financial condition, and performance of all architects, engineers, contractors, subcontractors, suppliers, consultants, and property managers. Any review or inspection undertaken by Lender with reference to the Improvements is solely for the purpose of determining whether Borrower is properly discharging its obligations, and should not be relied upon by Borrower or by any third parties as a warranty or representation as to the quality of the design or construction of the Improvements, or for any other purpose.

2.6 Mechanics' Liens, Stop Notices, and Notices of Completion. If any claim of lien is filed against the Property or a stop notice with respect to the Loan is served on Lender or any other lender or other third party in connection with the Improvements, then Borrower shall, subject to Borrower's right to contest such lien in good faith and in accordance with applicable law, within ninety (90) days after such filing or service, either pay and fully discharge the lien or stop notice, effect the release of such lien or stop notice by delivering to Lender a surety bond from a surety acceptable to Lender in sufficient form and amount, or provide Lender with other assurance satisfactory to Lender that the claim of lien or stop notice will be paid or discharged.

2.7 Budget Amendments. After the Closing, Borrower shall submit any changes to the Budget to Lender for approval within thirty (30) days after Borrower receives information indicating that actual costs therein vary or will vary from those shown on the Budget, together with evidence that Borrower has funds available from sources other than Lender to pay any cost increases and overruns. Lender will approve or disapprove in writing delivered to Borrower any changes to the Budget in writing within ten (10) days of receipt from Borrower. Lender's approval of any change to the Budget will not be unreasonably withheld, conditioned or delayed and any disapproval will include the reasons for such disapproval. Failure by Lender to approve or disapprove any change to the Budget in writing within ten (10) days of receipt from Borrower shall be deemed disapproval.

3. LOAN PROVISIONS.

3.1 Use. The Loan shall be used solely for construction costs of the Project as shown on the Project Budget that exceed any equity funds available for acquisition and construction costs.

3.2 Interest; Payments. The outstanding principal balance of the Loan shall accrue interest as set forth in the Note and such principal and interest shall be payable as set forth in the Note.

3.3 Acceleration. Upon a Default by Borrower under Section 5 below, Lender may elect by written notice to Borrower that all outstanding principal and accrued interest on the Loan shall become due and payable.

3.4 Security. The Note shall be secured by the Deed of Trust.

3.5 Project Net Income Reporting. On or before April 15 of each calendar year following completion of improvements, Borrower shall provide the Lender with an annual report for the Project in form and substance reasonably acceptable to Lender that include annual financial statements with respect to the Project that have been reviewed by an independent certified public accountant ("Annual Financial Report"). In the event the Residual Receipts reported or paid deviate by a deficit of three percent (3%) or more from that amount determined to be owing upon review of Borrower's submittal and an audit (and the Lender shall have the right to audit Borrower's books and records for the Project, which shall be kept at the Property), Borrower shall reimburse Lender for its cost to review and shall pay the amounts owing within thirty (30) days after notice from Lender describing such amounts and costs

3.6 Conditions Precedent to Closing. The obligation of Lender to close the Loan is expressly conditioned upon the satisfaction of the following on or before _____, 2023.

3.6.1 Lender's receipt of originals of this Agreement, the Regulatory Agreement, the Housing Agreement and the Note, duly executed by Borrower;

3.6.2 No Default or Potential Default by Borrower exists.

3.6.3 First American Title Insurance Company has recorded, or is irrevocably and unconditionally committed to record, the Deed of Trust, the Regulatory Agreement, and the Notice of Affordability Restrictions (and any deeds of trust or other documents required as a condition to any other construction financing for the Project).

3.6.4 First American Title Insurance Company has unconditionally committed to issue a lender's title insurance policy to Lender in the amount of the Loan insuring the Deed of Trust, with exceptions approved by Lender and otherwise in form and substance acceptable to Lender.

3.6.5 Borrower shall have delivered to Lender copies of Borrower's organizational documents to Lender (including the partnership agreement for any tax credit limited partnership formed by the Borrower) as well as any other reasonable evidence requested by Lender showing Lender that Borrower has duly authorized the Loan Documents.

3.6.6 The City shall have issued the building permit-ready letter for the improvements and shall have completed its environmental (CEQA) review.

3.6.7 Borrower shall have provided reasonable evidence to the Lender of: (i) the cost of the Improvements (including a GMAX or stip sum construction contract from a reputable bondable contractor) and (ii) that Borrower has debt and equity funds to pay for such costs (and any tax credit equity shall have been committed and available, as shown by reasonable evidence delivered to Lender).

3.6.8 If Lender is requested to execute a subordination agreement with respect to the deed of trust securing senior construction financing, then Lender's receipt and approval of the loan documents for such senior construction financing.

3.7 Loan Disbursements. Disbursements of the Loan shall be conditioned upon the following additional conditions:

(i) Borrower shall have delivered to Lender a written disbursement request in form and substance reasonably satisfactory to Lender, together with copies of the applicable invoices or other appropriate documentation for the costs to be paid (consistent with the final Project budget) and appropriate mechanics lien waivers for the work performed prior to the date of disbursement (i.e., unconditional progress payment waivers for all costs paid with the previous disbursement, and conditional progress payment waivers for the costs to be paid with the current disbursement, provided that final waivers shall be provided as a condition to the final disbursement).

(ii) No Default shall have occurred under any Loan Document that remains uncured as of the date of the disbursement request or actual disbursement.

(iii) All equity funds shall have been disbursed and applied to Project costs in the Project Budget as shown by reasonable evidence delivered to Lender, and the Loan funds not yet disbursed together with any other committed sources of funds are sufficient to pay all remaining Project costs.

4. OTHER LOAN REQUIREMENTS.

4.1 Information. Borrower shall provide any information requested by Lender in good faith in connection with the Improvements.

4.2 Hazardous Materials. Borrower shall not use, generate, manufacture, store or dispose of on, under, or about the Property or transport to or from the Property any flammable explosives, radioactive materials, hazardous wastes, toxic substances or related materials, including any substances defined as or included in the definition of “hazardous substances,” “hazardous wastes,” “hazardous materials,” or “toxic substances” under any applicable federal or state laws or regulations (collectively, “Hazardous Materials”), except such of the foregoing as may be customarily used in connection with the ownership, operation, occupancy, maintenance and construction of improvements similar to the Improvements. Borrower acknowledges and agrees that each covenant and agreement of Borrower in this Agreement (together with any indemnity obligation applicable to a breach of any such representation and warranty) with respect to the environmental condition of the Property is intended by the Parties to be an “environmental provision” for purposes of California Code of Civil Procedure Section 736.

4.3 Construction Responsibilities; Commencement and Completion. Borrower shall cause the construction of the Improvements to be prosecuted with diligence, in good faith, and in accordance with the Schedule of Performance, subject to Section 5.1.9 below. Borrower shall cause the construction of the Improvements to be performed in a good and workmanlike manner in accordance with the Construction Plans approved by the City, in compliance with all applicable laws, ordinances, rules, regulations, building restrictions, recorded covenants and restrictions and requirements of each Governmental Authority having jurisdiction over the Property and free and clear of any liens or claims for liens. Borrower shall be solely responsible for all aspects of Borrower’s business and conduct in connection with the Property, including the quality and suitability of the Construction Plans and their compliance with the requirements of each applicable Governmental Authority and the Loan Documents, and the supervision of the construction of the Improvements, the qualifications, financial condition and performance of all architects, engineers, contractors, subcontractors, material suppliers, consultants and property managers, the accuracy of all applications for payment and loan draw requests and the proper application of all disbursements.

4.4 Fees and Taxes. Borrower shall be solely responsible for payment of all fees, assessments, taxes, charges and levies imposed by any public authority or utility company with respect to the Property, and shall pay such charges prior to delinquency. However, Borrower shall not be required to pay and discharge any such charge so long as (a) the legality thereof is being contested diligently and in good faith and by appropriate proceedings and (b) if requested

by Lender, Borrower deposits with Lender such funds or other forms of assurance that Lender in good faith from time to time determines appropriate to protect Lender from the consequences of the contest being unsuccessful, provided, however, that if Borrower has deposited sufficient funds with a senior lender, Borrower shall not be required to deposit funds with Lender.

4.5 Notice of Litigation. Borrower shall promptly notify Lender of any litigation materially affecting Borrower or the Property and of any claims or disputes that Borrower reasonably believes involve a material risk of any such litigation.

4.6 Transfers. The qualifications and identity of the Borrower are of particular concern to the Lender and it is because of such qualifications and identity that the Lender has entered into this Agreement with the Borrower. No voluntary or involuntary successor in interest of the Borrower shall acquire any rights or powers under this Agreement except as expressly set forth herein. However, Borrower may assign this Agreement to a single-asset limited partnership in which Borrower is the general partner, or which has a general partner that is directly or indirectly owned and controlled by Borrower, provided Lender approves the limited partnership agreement and evidence of such control or ownership, such approval not to be unreasonably withheld. The Loan may be accelerated by Lender if there is any conveyance by Borrower of the Property or any portion thereof or interest therein, or Borrower ceases to be (or ceases to own and control, as applicable) the general partner of such limited partnership prior to the completion of the Improvements without the City's prior written consent. Notwithstanding the foregoing, provided prior written notice to Lender of such transfer (with reasonable evidence of the nature of the transfer) is provided to Lender with respect to items (ii) and (iii) below as applicable, the Lender's consent shall not be required for (i) any direct or indirect transfer of the investor limited partner's interest in the Borrower if such transfer is to an entity controlled by, or under common control with Urban Housing Communities, LLC, a California limited liability company or an affiliate thereof, (ii) the removal or replacement of a general partner of Borrower by the investor limited partner in accordance with the provisions of the Borrower's limited partnership agreement, (iii) the transfer of the Property or of a limited partner interest in Borrower to an entity affiliated with Urban Housing Communities, LLC, a California limited liability company made pursuant to and as permitted by Borrower's limited partnership agreement (collectively, a "Permitted Transfer").

4.7 Insurance.

4.7.1 Borrower shall obtain and maintain at no cost or expense to the Lender, with a reputable and financially responsible insurance company reasonably acceptable to the Lender, (i) after the opening of the Project for business, commercially reasonable casualty insurance for the Improvements in an amount not less than the replacement cost of the Improvements (subject to commercially reasonable deductibles) with a reasonable inflation rider; (ii) commercial broad form general liability insurance, insuring against claims and liability for bodily injury, death, or property damage arising from the construction, use, occupancy, condition, or operation of the Property, which liability insurance shall provide combined single limit protection of at least Two Million Dollars (\$2,000,000.00) and shall include a reasonable inflation rider, contractual liability coverage and products and completed operations coverage, and (iii) commercial automobile liability insurance of at least One Million Dollars (\$1,000,000.00) combined single limit. Such liability insurance policies shall name the Lender and City and their

respective board members, council members, officers, agents and employees as additional insureds.

4.7.2 Before commencement of any demolition or construction work by Borrower, Borrower shall obtain and maintain in force until completion of such work (i) “all risk” builder’s risk insurance, including coverage for vandalism and malicious mischief, in a form and amount and with a company reasonably acceptable to the Lender, and (ii) workers’ compensation insurance covering all persons employed by Borrower in connection with work on the Project, or any portion thereof. During the construction of Improvements on any portion of the Property by Borrower, such builder’s risk insurance shall cover improvements in place and all material and equipment at the job site furnished under contract, but shall exclude contractors’, subcontractors’, and construction managers’ tools and equipment and property owned by contractors’ and subcontractors’ employees.

4.7.3 Each architect and each engineer engaged by Borrower shall provide professional liability insurance with a limit of liability of at least One Million Dollars (\$1,000,000.00).

4.7.4 Borrower shall also furnish or cause to be furnished to the Lender evidence satisfactory to the Lender that any contractor with whom it has contracted for the performance of work on the Property or otherwise pursuant to this Agreement carries workers’ compensation insurance as required by law.

4.7.5 With respect to each policy of insurance required above, and promptly following written request by Lender, Borrower and each of Borrower’s general contractors, engineers and architects shall furnish to the Lender a certificate on the insurance carrier’s form setting forth the general provisions of the insurance coverage and showing the additional insureds. The certificate shall also be furnished by Borrower prior to commencement of construction of any Improvements.

4.7.6 All such policies required by this Section shall contain (i) language to the effect that the policies cannot be cancelled or materially changed except after thirty (30) days’ written notice by the insurer to the Lender, and (ii) a waiver of the insurer of all rights of subrogation against the Lender and the other additional insureds. All such insurance shall have deductibility limits which shall be commercially reasonable.

4.7.7 Procuring the insurance required under this Section shall not be construed to limit Borrower’s liability under the Loan Documents, or to fulfill its indemnity obligations under the Loan Documents. Notwithstanding such insurance policies, Borrower shall be responsible for the total amount of any damage, injury or loss caused by negligence or neglect connected with the ownership, operation or occupancy of the improvements on the land. The insurance requirements set forth in this Section are for the purpose of protecting Lender’s security for the Loan and are not to be construed as a representation by Lender that the insurance required under this Section is sufficient to cover Borrower from or against all uninsured losses and Borrower releases Lender from any liability and forever waives any claims against Lender in connection therewith.

4.7.8 All insurance policies shall (a) be issued by an insurance company having a rating of "A:VII" or better by A.M. Best Co., in Best's Rating Guide; (b) name Lender and City as an additional insured on all liability insurance and the senior lender as mortgagee and loss payee on all casualty insurance, (c) contain the "standard non-contributory mortgage clause" and the "standard lenders' loss payable clause," or their equivalents, (d) be evidenced by a certificate of insurance (or, if required by Lender, copy of insurance policy) to be delivered to Lender.

4.8 Indemnity. In addition to Borrower's obligations under Section 6.4 below, Borrower hereby agrees to indemnify, defend, protect, and hold harmless the Lender and City and their respective agents, employees, representatives, board members, council members, consultants, and officers from and against all losses, liabilities, claims, damages (including foreseeable or unforeseeable consequential damages), penalties, fines, forfeitures, costs and expenses (including all reasonable out of pocket litigation costs and reasonable attorneys' fees) and demands of any nature whatsoever, related directly or indirectly to, or arising out of or in connection with:

- (i) the validity of this Agreement;
- (ii) the development and construction by Borrower of the Improvements on the Property or the use, ownership, management, occupancy, or possession of the Property during Borrower's period of ownership or control thereof;
- (iii) any breach or Default by Borrower hereunder; and
- (iv) any of Borrower's activities on the land (or the activities of Borrower's agents, employees, lessees, representatives, licensees, guests, invitees, contractors, subcontractors, or independent contractors on the land).

The Lender and City may in their discretion, and at their own cost, participate in the defense of any legal action naming the Lender or City. The provisions of this Section shall survive the Closing or the termination of this Agreement.

5. DEFAULT AND REMEDIES.

5.1 Events of Default. Each of the following shall constitute a "Default" by Borrower under this Agreement:

5.1.1 The failure by Borrower to make a payment of money to Lender within ten (10) business days from the date such payment was due under any of the Loan Documents.

5.1.2 The failure by Borrower to perform any obligation under the Loan Documents not involving the payment of money, and, if such failure is curable within thirty (30) days, the expiration of thirty (30) days after written notice of such failure from Lender to Borrower. If such failure is not curable within thirty (30) days, Borrower may have such longer period of time as is reasonably necessary to complete the cure, provided that Borrower has commenced to cure within the initial thirty (30)-day period and diligently prosecutes such cure to completion.

5.1.3 Borrower (a) is unable, or admits in writing its inability, to pay its monetary obligations as they become due, (b) makes a general assignment for the benefit of creditors, or (c) applies for, consents to or acquiesces in the appointment of a trustee, receiver or other custodian for itself or its property, or, in the absence of such application, consent or acquiescence, a trustee, receiver or other custodian is appointed for Borrower or the property of Borrower (including the Development), and such appointment is not discharged within ninety (90) days.

5.1.4 The commencement of any case under the Bankruptcy Code or commencement of any other bankruptcy, arrangement, receivership, custodianship or similar proceeding under any federal, state or foreign law by or against Borrower, provided that if any such case or other bankruptcy, arrangement, reorganization, receivership, custodianship or similar proceeding is commenced against Borrower, such case or other bankruptcy, arrangement, receivership, custodianship or similar proceeding is not dismissed within ninety (90) days after its commencement.

5.1.5 A final judgment or decree for monetary damages or a monetary fine or penalty (not subject to appeal or as to which the time for appeal has expired) is entered against Borrower by any Governmental Authority, and such judgment, decree, fine or penalty is not paid and discharged or stayed within ninety (90) days after the entry thereof.

5.1.6 The assets of Borrower are attached, levied on or otherwise seized by legal process, and such attachment, levy or seizure is not quashed, stayed or released within ninety (90) days of the date thereof.

5.1.7 There shall be filed any claim of lien against the Property or the service of any notice to withhold proceeds of the Loan and the continued maintenance of such claim of lien or notice to withhold for a period of sixty (60) days without discharge or satisfaction thereof or provision therefor (including the posting of bonds) satisfactory to Lender.

5.1.8 The occurrence of any conveyance that is prohibited under Section 4.6.

5.1.9 A failure to comply in any respect with the Schedule of Performance (subject to force majeure delays under Section 6.12 below).

5.1.10 Borrower's violation of any law or permit applicable to the Property or Improvements (or other improvements on the Property) that is not cured within thirty (30) days after written notice from Lender. If such failure is not curable within thirty (30) days, Borrower may have such longer period of time as is reasonably necessary to complete the cure, provided that Borrower has commenced to cure within the initial thirty (30)-day period and diligently prosecutes such cure to completion.

5.1.11 Borrower's default under any other loans secured by the Property which is not cured within any applicable cure period in the loan documents for such loan or such longer cure period consented to in writing by the applicable lender.

5.1.12 Borrower fails to comply in any material respect with the CTCAC Reservation Letter dated _____, 202__ (which requires, among other things, executing and recording a CTCAC regulatory agreement), or fails to comply with the recorded CTCAC regulatory agreement.

5.2 Remedies. The occurrence of any Default by Borrower will relieve Lender of any obligation to make further disbursement of the Loan and shall give Lender the right to proceed with any and all remedies set forth in the Loan Documents, including the following:

5.2.1 Lender shall have the right to declare, by written notice to Borrower, the outstanding principal balance of the Loan, together with any accrued and unpaid interest thereon, due and payable as of the date stated in such notice as determined by Lender in its sole and absolute discretion. Lender may proceed to enforce payment thereof and to exercise any or all rights afforded to Lender as a creditor and secured party under California law, including foreclosure of the Deed of Trust. Borrower shall be obligated to pay Lender on demand, all reasonable expenses, costs and fees (including reasonable attorneys' fees and expenses) paid or incurred by Lender in connection with the collection of the Loan and the preservation, maintenance, protection, sale or other disposition of the security for the Loan, and such obligation shall be secured by the Deed of Trust.

5.2.2 Lender shall have the right to mandamus or other suit, action or proceeding at law or in equity to require Borrower to perform its obligations under the Loan Documents or to enjoin acts or things that may be unlawful or in violation of the provisions of the Loan Documents.

5.2.3 Lender may cure any default by Borrower under the Loan Documents. Borrower shall be liable to reimburse Lender, on demand, for any funds advanced by Lender to cure any such monetary default, together with interest thereon at the lesser of the maximum rate permitted by law or eight percent (8%) per annum from the date of expenditure until the date of reimbursement, and the Deed of Trust shall secure such sums owed.

5.2.4 Lender shall have the right to file for record, as Borrower's attorney-in-fact (which appointment is a power coupled with an interest and is irrevocable), any notices of completion, notices of cessation of labor, notices of non-responsibility or any other notices that Lender considers necessary to protect its security for the Loan.

5.2.5 Lender shall also be entitled to all other remedies available at law, in equity or otherwise.

5.2.6 Prior to exercising any remedies hereunder, Lender will give Borrower's investor limited partner notice of default at the same time such notice is given to Borrower provided Lender shall have been given such investor limited partner's name and address by Borrower in writing. The investor limited partner shall have the cure periods set forth in Section 5 above within which to cure the default and Lender will accept or reject such cure on the same basis as if such cure had been tendered by Borrower.

5.3 Remedies Cumulative. Except as may be provided by law, no right, power or remedy given to Lender by the terms of the Loan Documents is intended to be exclusive of any

other right, power or remedy, and each and every such right, power or remedy shall be cumulative and in addition to every other right, power or remedy given to Lender by the terms of the Loan Documents, by law or otherwise. Neither the failure nor any delay on the part of Lender to exercise any such right, power or remedy shall operate as a waiver thereof, nor shall any single or partial exercise by Lender of any such right, power or remedy preclude any other or further exercise of such right, power or remedy, or any other right, power or remedy.

6. GENERAL PROVISIONS.

6.1 Relationship of Parties. Nothing contained in this Agreement shall be interpreted by the Parties, or any other party, as creating the relationship of employer and employee, principal and agent, partnership or any other form of joint venture between Lender and Borrower, and Borrower shall at all times be deemed an independent contractor and shall be completely responsible for the manner in which it performs its obligations under this Agreement.

6.2 No Claims. Nothing contained in this Agreement shall create or authorize any claim against Lender by any Person that Borrower may have employed or with whom Borrower may have contracted related to the purchase of materials, supplies or equipment, or the furnishing or the performance of any work or services with respect to the construction or operation of the Property, and Borrower shall include similar requirements in any contracts entered into for the construction or operation of the Property.

6.3 Amendments. No modification of the terms of this Agreement shall be valid unless made in writing and signed by the Parties.

6.4 Local, State and Federal Laws. The Borrower shall carry out the construction of the Improvements in conformity with all applicable federal, state and local laws, including (but only to the extent required by applicable law) the state labor standards and prevailing wage requirements of California Labor Code Section 1720, et seq., and its implementing regulations (“Prevailing Wage Laws”).

6.5 Indemnification for Prevailing Wages Claims. Borrower shall indemnify, defend, protect and hold harmless Lender and City and their respective board members, council members, officers, employees, agents, successors and assigns from and against any and all claims (including, without limitation, any claim under California Labor Code Section 1781), losses, proceedings, damages, causes of action, liabilities, costs and expenses, (including attorneys’ fees) (collectively, “Claim”) arising from or in connection with, or caused by any violations of law by Borrower or any contractor with respect to the Property, including, without limitation, any failure to comply with Prevailing Wage Laws. If any action or proceeding be brought against Lender or City by reason of any such claim, Borrower, upon notice from Lender or City, as applicable, shall defend the same at Borrower’s expense with counsel satisfactory to Lender or City, as applicable. Borrower’s duty and obligations to defend, indemnify and hold Lender and City harmless shall survive cancellation of the Note and the reconveyance of the Deed of Trust with respect to events occurring prior to the cancellation of the Note and reconveyance of the Deed of Trust.

6.6 Non-Liability of Lender and Lender Officials, Employees and Agents. No member, official, employee or agent of Lender shall be personally liable to Borrower in the event

of any default or breach by Lender, or for any amount that may become due to Borrower, under the terms of this Agreement.

6.7 No Third Party Beneficiaries. There shall be no third party beneficiaries of this Agreement, other than the City and with respect to the indemnity provisions of Sections 4.8 and 6.5 hereof.

6.8 Notices, Demands and Communications. Except as otherwise required by law, any notice, request, direction, demand, consent, waiver, approval or other communication required or permitted to be given hereunder shall not be effective unless it is given in writing and shall be delivered (a) by certified mail, postage prepaid, return receipt requested, or (b) by a commercial overnight courier that guarantees next day delivery and provides a receipt, and addressed to the parties at the addresses stated below, or at such other address as either party may hereafter notify the other in writing as aforementioned:

Lender: Palm Desert Housing Authority
73-510 Fred Waring Drive
Palm Desert, CA 92260
Attn: Executive Director

Borrower: A0358 Monterey, L.P.
2000 East 4th Street, Suite 205
Santa Ana, CA 92705
Attn: Mark Bigley

With a copy to: Sabelhaus & Strain, LLP
1724 10th Street, Suite 110
Sacramento, CA 95811
Attn: Stephen A. Strain, Esq.

Service of any such notice or other communications so made shall be deemed effective on the day of actual delivery or refusal to accept/inability to deliver, as shown by the addressee's return receipt if by certified mail, and as confirmed by the courier service if by courier; provided, however, that if such actual delivery occurs after 5:00 p.m. (local time where received) or on a non-business day, then such notice or demand so made shall be deemed effective on the first business day following the day of actual delivery. No communications via electronic mail shall be effective to give any notice, request, direction, demand, consent, waiver, approval or other communications hereunder.

6.9 Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California, without giving effect to conflict of laws principles.

6.10 Attorneys' Fees. Should any action be brought to enforce any provision hereof, the prevailing party in such action shall be entitled to reasonable attorneys' fees, court costs and other litigation expenses, including expenses incurred for preparation and discovery. The right

to recover such fees, costs and expenses shall accrue upon the commencement of the action regardless of whether the action is prosecuted to final judgment.

6.11 Severability. If any term of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions shall continue in full force and effect unless the rights and obligations of the Parties have been materially altered or abridged by such invalidation, voiding or unenforceability.

6.12 Force Majeure. A Party shall not be deemed to be in default as to any construction obligation where delays are due to war, insurrection, strikes, lock-outs, riots, floods, earthquakes, fires, quarantine restrictions, freight embargoes, lack of transportation, or court order, or any other similar causes (other than lack of funds of Borrower or Borrower's inability to finance the construction of the Development) beyond the control or without the fault of the Party claiming an extension of time to perform. However, no extension of time for any cause will be deemed granted if notice by the Party claiming such extension is not sent to the other Party within ten (10) business days from the date upon which such Party reasonably determines the delay will result in failure to timely meet a construction obligation.

6.13 Approvals/Amendments/Subordination Agreements. Whenever this Agreement calls for or contemplates Lender approval or consent (including approval of the form and substance of other documents), the written approval or consent or waiver of the Executive Director of Lender shall constitute the approval or consent of Lender. The Lender also authorizes the Executive Director to make non-substantial changes to this Agreement, including, reasonable extensions of time deadlines set forth in this Agreement, provided they are in writing, and to send notices and demands, initiate and administer remedies and otherwise administer the Loan Documents, and to execute reasonable subordination agreements required by senior construction lenders as a condition to making their loans for the Project. The Executive Director shall have the authority to review and approve all documents listed in Section 3.6 hereof and may prohibit disbursement of Loan funds if the documents are not reasonably satisfactory to the Executive Director.

6.14 Warranty Against Payment of Consideration for Agreement. Borrower warrants that it has not paid or given, and will not pay or give, any Person, including the Lender or the City, or any council member, board member, official or employee thereof, any money or other consideration for obtaining this Agreement.

6.15 Refinance. Borrower shall be permitted to refinance any senior construction or permanent loan on commercially reasonable terms in an amount not greater than the then-outstanding principal balance of such senior loan(s) (the "Refinanced Loan"), and Lender agrees that Lender's Executive Director shall have the authority to execute reasonable subordination agreements to confirm such subordination such that the Deed of Trust securing the Loan shall remain subordinate to any such Refinanced Loan.

6.16 Time. Time is of the essence with respect to this Agreement and the performance of each obligation contained herein.

6.17 Multiple Originals; Counterparts. This Agreement may be executed in multiple originals, each of which is deemed to be an original, and may be signed in counterparts.

*[Remainder of this page intentionally left blank]
[Signatures appear on next page]*

WHEREAS, this Agreement has been entered into by the undersigned as of the date first above written.

LENDER: PALM DESERT HOUSING AUTHORITY

By:

Name: Kathleen Kelly
Title: Chairman

ATTEST:

Anthony J. Mejia, Secretary

APPROVED AS TO FORM:

Robert W. Hargreaves, City Attorney

BORROWER: A0358 MONTEREY, L.P.,
A California limited partnership

By: A0358 Monterey Admin Holdings LLC
A California limited liability company
Its: Administrative General Partner

By: A0358 Monterey Holdings LLC,
A California limited liability company

By: _____
Name: _____
Its: _____

By: _____,
a _____

By: _____
Name: _____
Its: _____

EXHIBIT "A"

LEGAL DESCRIPTION OF THE PROPERTY

Real property in the City of Palm Desert, County of Riverside, State of California, described as follows:

PARCEL A AS SHOWN ON CERTIFICATE OF COMPLIANCE (WAIVER OF PARCEL MAP PMW 06-03), AS EVIDENCED BY DOCUMENT RECORDED OCTOBER 25, 2006, AS INSTRUMENT NO. 2006-0782511 OF OFFICIAL RECORDS, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

A PORTION OF PARCELS 1 AND 2 OF PARCEL MAP WAIVER NO. 99-15, RECORDED OCTOBER 15, 1999, AS INSTRUMENT NO. 1999-457541, OF OFFICIAL RECORDS (O.R.) COUNTY OF RIVERSIDE, IN THE SOUTHWEST QUARTER (SW1/4) OF SECTION 29, TOWNSHIP 4 SOUTH, RANGE 6 EAST OF THE SAN BERNARDINO MERIDIAN, CITY OF PALM DESERT, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE WEST ONE QUARTER (W1/4) CORNER OF SECTION 29, TOWNSHIP 4 SOUTH, RANGE 6 EAST OF THE SAN BERNARDINO MERIDIAN, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, SAID POINT BEING ON THE CENTERLINE OF MONTEREY AVENUE; THENCE N89°58'35"E ALONG THE EAST-WEST ONE QUARTER (E-W 1/4) SECTION LINE OF SAID SECTION 29 AND THE NORTHERLY LINE OF PARCEL 2 OF PARCEL MAP WAIVER NO. 99-15, RECORDED OCTOBER 15, 1999, AS INSTRUMENT NO. 1999-457541, OF OFFICIAL RECORDS (O.R.) COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, A DISTANCE OF 1314.94 FEET TO THE TRUE POINT OF BEGINNING;

THENCE CONTINUING N89°58'35"E ALONG THE EAST-WEST ONE QUARTER (E-W 1/4) SECTION LINE OF SAID SECTION 29, THE NORTHERLY LINE OF SAID PARCEL 2 AND CONTINUING ALONG THE NORTHERLY LINE OF PARCEL 1 OF SAID PARCEL MAP WAIVER NO. 99-15, A DISTANCE OF 1314.61 FEET TO THE CENTER ONE QUARTER (C1/4) CORNER OF SAID SECTION 29, SAID POINT BEING ALSO THE NORTHEAST CORNER OF SAID PARCEL 1;

THENCE S00°09'04"E ALONG THE NORTH-SOUTH ONE QUARTER (N-S 1/4) SECTION LINE OF SAID SECTION 29 AND THE EASTERLY LINE OF SAID PARCEL 1, A DISTANCE OF 489.00 FEET TO THE NORTHEAST CORNER OF THAT PARCEL OF LAND CONVEYED TO THE PALM SPRINGS UNIFIED SCHOOL DISTRICT BY GRANT DEED, RECORDED APRIL 28, 2006, AS INSTRUMENT NO. 0308440, OF OFFICIAL RECORDS (O.R.) COUNTY OF RIVERSIDE, STATE OF CALIFORNIA;

THENCE S89°58'35"W ALONG THE NORTHERLY LINE OF THAT PARCEL OF LAND DESCRIBED IN SAID INSTRUMENT NO. 0308440, A DISTANCE OF 1270.59 FEET TO THE NORTHWEST CORNER OF THAT PARCEL OF LAND DESCRIBED IN SAID INSTRUMENT NO. 0308440, SAID POINT BEING ALSO A POINT ON A NON TANGENT

CURVE CONCAVE TO THE NORTHEAST, HAVING A RADIUS OF 1700.00 FEET AND TO WHICH POINT A RADIAL LINE BEARS 576°44'54"W;

THENCE NORTHWESTERLY AND NORTHERLY ALONG THE ARC OF SAID CURVE, A DISTANCE OF 392.48 FEET THROUGH A CENTRAL ANGLE OF 13°13'40";

THENCE N00°01'26"W, A DISTANCE OF 100.00 FEET TO THE POINT OF BEGINNING.

EXCEPT PARCEL NO. 2004-02.12 ("C" STREET), PARCEL NO. 2004-02.11 (AVENUE 35) AND A PORTION OF PARCEL NO. 2004-02.10 (GATEWAY DRIVE), ALL CONVEYED TO THE CITY OF PALM DESERT BY GRANT DEED, RECORDED JUNE 7, 2007, AS INSTRUMENT NO. 2007-0374053, OF OFFICIAL RECORDS (O.R.) COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE WEST ONE QUARTER (W1/4) CORNER OF SECTION 29, TOWNSHIP 4 SOUTH, RANGE 6 EAST OF THE SAN BERNARDINO MERIDIAN, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, SAID POINT BEING ON THE CENTERLINES OF MONTEREY AVENUE AND AVENUE 35; THENCE N89°58'35"E ALONG THE EAST-WEST ONE QUARTER (E-W 1/4) SECTION LINE OF SAID SECTION 29 AND THE CENTERLINE OF SAID AVENUE 35, A DISTANCE OF 1314.94 FEET TO THE CENTERLINE INTERSECTION OF SAID AVENUE 35 AND GATEWAY DRIVE; THENCE CONTINUING N89°58'35"E ALONG THE EAST-WEST ONE QUARTER (E-W 1/4) SECTION LINE OF SAID SECTION 29 AND THE CENTERLINE OF SAID AVENUE 35, A DISTANCE OF 71.07 FEET; THENCE S00°01'25"E, A DISTANCE OF 54.00 FEET TO THE SOUTHERLY LINE OF PARCEL NO. 2004-02.11 (AVENUE 35) CONVEYED TO THE CITY OF PALM DESERT BY GRANT DEED, RECORDED JUNE 7, 2007, AS INSTRUMENT NO. 2007-0374053, OF OFFICIAL RECORDS (O.R.) COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, SAID POINT BEING 54.00 FEET SOUTHERLY OF THE CENTERLINE OF SAID AVENUE 35, AS MEASURED AT RIGHT ANGLES THERETO, SAID POINT BEING ALSO THE TRUE POINT OF BEGINNING;

THENCE N89°58'35"E ALONG THE SOUTHERLY LINE OF SAID PARCEL NO. 2004-02.11 (AVENUE 35), A DISTANCE OF 782.06 FEET TO THE POINT OF CURVATURE OF A CURVE CONCAVE TO THE SOUTHWEST, HAVING A RADIUS OF 946.00 FEET;

THENCE EASTERLY AND SOUTHEASTERLY ALONG THE SOUTHERLY LINE OF SAID PARCEL NO. 2004-02.11 (AVENUE 35) AND THE ARC OF SAID CURVE, A DISTANCE OF 220.33 FEET THROUGH A CENTRAL ANGLE OF 13°20'40" TO A POINT OF REVERSE CURVATURE OF A CURVE CONCAVE TO THE NORTHEAST, HAVING A RADIUS OF 1054.00 FEET AND TO WHICH POINT A RADIAL LINE BEARS S13°19'14"W;

THENCE SOUTHEASTERLY ALONG THE SOUTHERLY LINE OF SAID PARCEL NO. 2004-02.11 (AVENUE 35) AND THE ARC OF SAID CURVE, A DISTANCE OF 185.57 FEET THROUGH A CENTRAL ANGLE OF 10°05'15";

THENCE 552°30'03"E ALONG THE SOUTHERLY LINE OF SAID PARCEL NO. 2004-02.11 (AVENUE 35), A DISTANCE OF 27.78 FEET TO THE WESTERLY LINE OF PARCEL NO.

2004-02.12 ("C" STREET) CONVEYED TO THE CITY OF PALM DESERT BY GRANT DEED, RECORDED JUNE 7, 2007, AS INSTRUMENT NO. 2007-0374053, OF OFFICIAL RECORDS (O.R.) COUNTY OF RIVERSIDE, STATE OF CALIFORNIA;

THENCE S00°09'04"E ALONG THE WESTERLY LINE OF SAID PARCEL NO. 2004-02.12 ("C" STREET), A DISTANCE OF 365.78 FEET TO THE NORTHERLY LINE OF THAT PARCEL OF LAND CONVEYED TO THE PALM SPRINGS UNIFIED SCHOOL DISTRICT (P.S.U.S.D.) BY GRANT DEED, RECORDED APRIL 28, 2006, AS INSTRUMENT NO. 2006-0308440, OF OFFICIAL RECORDS (O.R.) COUNTY OF RIVERSIDE, STATE OF CALIFORNIA;

THENCE 589°58'34"W ALONG THE NORTHERLY LINE OF THAT PARCEL OF LAND DESCRIBED IN SAID INSTRUMENT NO. 2006-0308440 (P.S.U.S.D.), A DISTANCE OF 1176.61 FEET TO THE EASTERLY LINE OF PARCEL NO. 2004-02.10 (GATEWAY DRIVE) CONVEYED TO THE CITY OF PALM SPRINGS BY GRANT DEED, RECORDED JUNE 7, 2007, AS INSTRUMENT NO. 2007-0374053, OF OFFICIAL RECORDS (O.R.) COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, SAID POINT BEING ALSO A POINT ON A NON-TANGENT CURVE CONCAVE TO THE NORTHEAST, HAVING A RADIUS OF 1646.00 FEET AND TO WHICH POINT A RADIAL LINE BEARS S76°15'06"W;

THENCE NORTHWESTERLY AND NORTHERLY ALONG THE EASTERLY LINE OF SAID PARCEL NO. 2004-02.10 (GATEWAY DRIVE) AND THE ARC OF SAID CURVE, A DISTANCE OF 392.80 FEET THROUGH A CENTRAL ANGLE OF 13°40'23";

THENCE N00°04'31"W ALONG THE EASTERLY LINE OF SAID PARCEL NO. 2004-02.10 (GATEWAY DRIVE), A DISTANCE OF 28.94 FEET TO THE SOUTHERLY LINE OF SAID PARCEL NO. 2004-02.11 (AVENUE 35);

THENCE N44°57'02"E ALONG THE SOUTHERLY LINE OF SAID PARCEL NO. 2004-02.11 (AVENUE 35), A DISTANCE OF 24.05 FEET TO THE POINT OF BEGINNING.

APN: 694-130-017 (Affects a portion of the land);

694-130-018 (Affects a portion of the land);

694-130-019 (Affects a portion of the land); and

694-130-020 (Affects a portion of the land)

EXHIBIT “B”

SCOPE OF DEVELOPMENT

A 176 unit apartment complex, with 44 one-bedroom apartments, 78 two-bedroom apartments, and 52 three-bedroom apartments (including 2 two-bedroom manager units).

352 parking spaces, of which 176 will be carport covered spaces.

The Borrower shall develop a 176 multi-family rental housing development, with 44 one-bedroom apartments, 78 two-bedroom apartments, and 52 three-bedroom apartments (including 2 two-bedroom manager units). All capitalized terms not defined herein shall have the meaning ascribed to such terms in the Agreement,

The Development shall conform to plans approved by the City, including all conditions and mitigation measures imposed by the City in connection with the entitlement/development approval process of the City.

The Development shall be constructed on the Property (such property consisting of approximately ____ acres of vacant land located at _____, in the City of Palm Desert). The Project/Development, which will be called “Crossings at Palm Desert”, will be built as a single phase. The quality of construction shall be of a high level.

HOUSING TYPE

Crossings at Palm Desert will target families with incomes from 30% to 80% AMI and will consist of a mix of one, two and three-bedroom units. Units will be restricted by recorded Housing Agreements. Two (2) two-bedroom units will be used for the on-site property manager’s unit.

SITE AMENITIES

1. Resident Services Building
2. Leasing Office
 - a. _____
 - b. _____
3. Picnic Areas (covered)
4. Laundry Facilities
5. Tot-Lot/Playground (covered)
6. Swimming Pool(s):
 - Minimum of _____ square feet and shall include pool restrooms.
7. On-Site Property Management
8. Barbecue Area(s)
9. Childcare Room
10. 352 parking spaces, of which 176 will be carport covered spaces.

CONSTRUCTION TYPE & ARCHITECTURAL GOALS

[to be provided by Borrower]

SUSTAINABLE BUILDING / GREEN BUILDING PRACTICES

[to be provided by Borrower]

UNIT AMENITIES

1. Energy Star Appliances
 - a. Oven/Stove
 - b. Refrigerator
 - c. Dishwasher
 - d. Garbage Disposal
2. Solid Surface Countertops
3. Upgraded Cabinets
4. Central Air Conditioning/Heating
5. Window Blinds
6. Carpet/Vinyl or Tile
7. Patio or Balcony

SOCIAL SERVICE PROGRAMS

1. Social Service Programs will be conducted in the Resident Services Building(s) and available for all residents free of charge. A program coordinator will be hired, or a contract will be executed with a local nonprofit, to provide family appropriate classes for the residents, as well as collaborate with outside nonprofits and agencies to expand program options. Residents will have input as to which classes and programs are offered at the center. Typically, the classes will include the following:

[to be provided by borrower]

- a. [to be provided by borrower]

The Borrower shall commence and complete the Development in accordance with the Schedule of Performance. The Development shall conform to and shall complete and satisfy any and all conditions from the City's entitlement approval of Project.

I. DEVELOPMENT STANDARDS

The Improvements shall conform to all applicable Governmental Requirements, including without limitation local subdivision, zoning, building code and other applicable ordinances, resolutions, policies, applicable general and Specific Plans, and regulations of the City of Palm Desert ("City Ordinances") and the following development standards:

A. General Requirements:

1. **Vehicular Access.** The placement of vehicular driveways shall be coordinated with the needs of proper street traffic flow as approved by the City in accordance with City Ordinances. In the interest of minimizing traffic congestion, the City of Palm Desert will control the number and location of curb breaks for access to the Site for off street parking and truck loading. All access driveways shall require written approval of the City.

2. **Building Signs.** Signs shall be limited in size, subdued and otherwise designed to contribute positively to the environment. Signs identifying the building use will be permitted, but their height, size, location, color, lighting and design will be subject to City approval, and signs must conform to the City Ordinances.

3. **Screening.** All outdoor storage of materials or equipment shall be enclosed or screened to the extent and in the manner required by the City.

4. **Landscaping.** The developer shall provide and maintain landscaping within the public rights of way and within setback area along all street frontages and conforming to the plans as hereafter approved by the City. Landscaping shall consist of trees, shrubs and installation of an automatic irrigation system adequate to maintain such plant material. The type and size of trees to be planted, together with a landscaping plan.

5. **Utilities.** All utilities on the Property provided to service the units constructed by developer shall be underground at developer's expense.

6. **Building Design.** Buildings shall be constructed such that the Improvements shall be of high architectural quality, and shall be effectively and aesthetically designed and in conformance with City approvals.

7. **Energy Considerations.** The design of the Improvements shall include, where feasible, energy conservation construction techniques and design, including co-generation facilities and active and passive solar energy design. The developer shall be required to demonstrate consideration of such energy features during the design review process and to consistency with energy conservation provisions of the building code.

8. **Site Preparation.** Palm, at its cost and expense, shall prepare Property (also sometimes referred to herein as the "Site") for development. Such Site preparations shall consist of the complete demolition and removal of all existing improvements if any.

9. **Environmental Impact Mitigation Measures.** To the extent required under the terms of the DDLA, the developer shall implement any and all mitigation measures and/or mitigation monitoring requirements as identified in any certified environmental document or mitigated negative declaration certified in connection with the project.

10. **Construction Fence.** The developer shall install a temporary construction chain link fence. The construction fence shall be maintained free of litter and in good repair for the duration of its installation.

11. Development Identification Signs. Prior to commencement of construction on the Site, the developer shall prepare and install, at its cost and expense, one sign on the barricade around the Site which identifies the development. The sign shall be at least four (4) feet by six (6) feet and be visible to passing pedestrians and vehicular traffic. The design of the sign, as well as the proposed location, shall be submitted to the City and Authority for review and approval prior to installation. The sign shall, at a minimum, include:

- Illustration of development
- Development name
- Logo of the City of Palm Desert
- List of City Council Members
- Information number
- Completion Date

B. Design Features:

The following design features are considered essential components to the Improvements:

Handicapped Units – An agreed upon number of units are to be fully handicapped accessible in compliance with State Housing Code – Title 24 requirements.

Overall Design Quality, Materials, Colors, Design Features – Quality of design is important, materials and colors are to be approved by City.

II. SPECIAL AMENITIES

The developer shall undertake all improvements required by the City as a condition of development of the Site, as more particularly provided in the City approvals given for the Site.

EXHIBIT "C"

FORM OF DEED OF TRUST

EXHIBIT "D"

FORM OF PROMISSORY NOTE

EXHIBIT “E”

FORM OF NOTICE OF AFFORDABILITY RESTRICTIONS

EXHIBIT "F"

PRELIMINARY PROJECT BUDGET

EXHIBIT "G"

FORM OF HOUSING AGREEMENT

EXHIBIT “H”

SCHEDULE OF PERFORMANCE

<u>Action</u>	<u>Date / Deadline</u>
Items 108 Relate to Borrower Actions and Requirements Prior to the Closing	
1. <u>Project Budget</u> . The Borrower shall submit a comprehensive Project Budget for the Improvements.	Prior and as a condition to Closing.
2. <u>Final Plans and Specifications</u> . The Borrower shall submit the Final Plans and Specifications for Lender approval.	Prior and as a condition to Closing.
3. <u>Building Permits</u> . The Borrower shall obtain the Building Permit, or permit-ready letter, for the construction of the Improvements.	Prior and as a condition to the Closing.
4. <u>Construction Contract</u> . The Borrower shall submit the stipulated sum construction contract for the construction of the Improvements to the Lender for approval.	Prior and as a condition to the Closing.
5. <u>Intentionally omitted</u> .	
6. <u>Insurance</u> . The Borrower shall submit evidence of insurance to the Lender.	Prior and as a condition to the Closing.
7. <u>TCAC Tax Credit and CDLAC Bond Applications/Award</u> .	Obtained
8. <u>Tax Credit Equity</u> . All tax credit equity must have been committed, and the initial tax credit capital contribution shall have been funded and available to pay the initial Project construction costs, as shown by reasonable evidence delivered to Lender, and all other capital contributions that are to be used for construction costs will be funded prior to disbursement of the construction loan portion of the Loan.	Prior and as a condition to Closing.

Items 9-13 Relate to Requirements After the Closing	
9. <u>Closing</u> . The Borrower shall close the Loan.	Not later than December 31, 2023
10. <u>Commencement of Construction</u> . Borrower shall substantially commence the Improvements.	Not later than 90 days after the Closing.
11. <u>Completion of Grading</u> . Borrower shall substantially complete the grading for the Project.	Not later than nine (9) months following the commencement of construction.
12. <u>Commencement of Vertical Construction</u> . Borrower shall substantially commence vertical construction.	Not later than twelve (12) months following the commencement of construction.
13. <u>Completion; Qualification for Certificate of Completion</u> . The Project shall be completed and shall qualify for a final Certificate of Occupancy.	Not later than April 1, 2025.

EXHIBIT "I"

HOUSING AGREEMENT (CITY)